

Senator Baucus and Senator Craig introduced legislation today to strengthen U.S. trade laws. Please find below a copy of Senator Baucus's floor statement.

**Statement of Senator Max Baucus  
Countervailing Duties Must Be Treated as a Cost in Antidumping  
January 28, 2003**

Mr. President, I rise today to discuss a much-needed clarification of current trade law. Misinterpretation of the current law hurts hundreds of American companies and thousands of American workers.

It is a misinterpretation that results in the understatement both of the degree of foreign unfair trade and the amount of duties necessary to offset it. The legislation Senator Craig and I are proposing would clarify that, in an antidumping proceeding, countervailing duties paid by a foreign seller should be deducted from the U.S. price.

This legislation would rectify the current understatement of unfair trade and ensure that the true expenses of selling in the United States are recognized in the calculation of duties.

Now, I am here today because this issue is of particular importance to Montana's softwood lumber industry. For more than 20 years, I've stood beside our lumber industry as they have fought massive illegal subsidies by the Canadian government. All they are asking for is a level playing field.

Unfortunately for everyone, this process has been stuck in an endless cycle of litigation. I hope we can end that – and get to a place where there is real market-based competition. But until we do, we must ensure that our fair trade laws are as strong as possible.

We have countervailing duty laws that offset unfair foreign subsidies. We also have antidumping laws that help ensure that foreign products are sold for a "fair price" in the United States – a price that is comparable to the foreign price, and that reasonably reflects the cost of production.

But we can't make a fair comparison unless we factor in the cost of countervailing duties. It's that simple. We're letting unfair traders off the hook. And we're doing so simply because of a misinterpretation of current law by the Department of Commerce. There is no sensible policy or legal rationale for this practice.

And I would note here that adopting this legislation would make our practice consistent with the practices of Canada and the European Union. For the life of me, I can't understand why we wouldn't give our companies and workers trade laws that are as strong as those in the countries we compete against. That's just common sense.

I would also emphasize that Commerce itself could fix this problem if it were so inclined. Commerce could, for example, announce in an ongoing administrative review its intention to reconsider treatment of countervailing duties as a cost. The Department has often used such cases as a means to review policy.

The current policy makes no sense. It violates the statute. It fails to redress continued dumping. And it effectively discourages negotiations to end unfair trade. Most importantly, correcting the current policy would force Canadian mills to make a clear choice – negotiate a long-term resolution or face higher duties.

In the absence of a voluntary change in policy by Commerce, I offer this legislation to clarify the statute. This will ensure a fair comparison of prices and a more accurate measurement of the amount of dumping. It's just the right thing to do.

Thank you.